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To Our 1099 Clients:

Remember to issue 1099 forms for 2015! All businesses are subject to the 1099 rules. The Internal Revenue Service is continuing its enforcement and assessments in this area. The IRS and Social Security Administration are matching names and Taxpayer Identification Numbers (TINs) and finding discrepancies between these records and the 1099 forms filed by payers. IRS notices are being issued and penalties are being assessed for TIN mismatches. The most common error causing a mismatch is for payers or recipients who are sole proprietors. The sole-proprietor/owner's name for **both** the payer and the recipient **must** be listed on the first line, and the business name, if any, **may** be entered on the second line. Always use the **payer's** Federal ID Number (FIN) instead of the social security number (SSN), unless a FIN has never been issued. The **recipient's** ID number may be **either** the SSN or FIN. The IRS prefers the recipient's SSN. Employers can visit the Social Security Administration website to verify SSNs online at <https://www.socialsecurity.gov/employer/ssnv.htm>. If you have any questions when preparing your 1099's, please call our office now and avoid costly IRS notices later. We have included a form W-9 on page 4; the IRS form to be used by payers to verify or obtain a TIN from a payee.

Some common examples of the types of payments that require a 1099 form for calendar year 2015 are listed below. If payments were paid by credit card a 1099 is not required.

1. **payments for services**, (including materials if incidental to the service) rendered by **unincorporated entities**, such as, but not limited to, subcontractors, consultants or accountants, in amounts aggregating \$600.00 or more;
2. **payments for rent** of office space, land or equipment in the course of your trade or business in amounts aggregating \$600.00 or more to **unincorporated entities** (do not file to report rent received);
3. **payments of interest** made in the course of your trade or business to unincorporated entities aggregating \$10.00 or more, including interest on returned security deposits;

(Continued over)

4. **payments made by fishermen** to crewmembers for services in any amount (no minimum); and
5. **payments for attorneys' fees (over \$600)** whether they operate as corporations or as non-corporate entities.

EMPLOYEE vs. INDEPENDENT CONTRACTOR WARNING: Companies should seriously review the nature of their working relationships with their independent contractors. The IRS is continuing its reviews of companies who might be attempting to avoid employment taxes by misclassifying employees as independent contractors. The penalties levied on the business by the IRS for misclassification can be as much as twice the tax that would have been due had the worker been classified properly from the beginning. Information regarding the Massachusetts Independent Contractor Law, M.G.L.c. 149, § 148B, can be found at <http://www.mass.gov/ago/doing-business-in-massachusetts/labor-laws-and-public-construction/massachusetts-independent.html> as part of "An Advisory from the Attorney General." If you are not certain whether your subcontractors are properly classified, contact the professional handling your account.

NEW HIRE REPORTING FOR INDEPENDENT CONTRACTORS: Businesses are required to report all newly hired **independent contractors** to whom the company anticipates paying \$600 or more over the course of the year. These reports must be submitted to DOR within 14 days of the individual's first day on the job and must include the following information:

1. The company's name, address and federal employer identification number (FEIN);
2. The individual's name, address and social security number; and
3. The date that the individual started working or was reinstated.

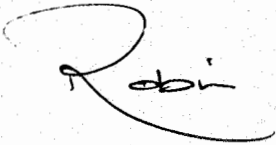
There are two methods of reporting new hire information, which are as follows:

1. **Internet:** Visit <http://www.mass.gov/dor/child-support/employers/new-hire-reporting/> for detailed information on the new hire law and for online reporting of independent contractors. This is the DOR preferred method and is required for a company with 25 or more employees and/or independent contractors.
2. **New Hire Reporting Form:** The New Hire and Independent Contractor Reporting Form, Form NHR, can be used for a company without internet access if the company has less than 25 employees and/or independent contractors. The completed NHR form can either be faxed to DOR at (617) 376-3262 or a copy can be mailed to DOR, P.O. Box 55141, Boston, MA 02205-5141.

If you have questions you can email DOR New Hire Unit at pdustaff@dor.state.ma.us.

MASSACHUSETTS COPY OF 1099 FORMS: Massachusetts also requires the filing of 1099 forms. Massachusetts accepts copies of the IRS form 1096 transmittal and all 1099 forms. Mail to: **Mass. DOR, Form 1099 Reporting, P.O. Box 7045, Boston, MA 02204 by February 29, 2016.**

Please contact our office if you need assistance in preparing 1099 forms or have technical questions on the filing requirements. **If we will be handling your 1099 preparation, please submit your information no later than January 13, 2016 in order for us to guarantee timely completion. "The Recipient's Copy" must be mailed on or before January 31, 2016.** A master **1099 Payee Data Form** is enclosed. Please use this form to provide your 2015 data and calendar year totals for each payee.



Robin J. Scanlon
rscanlon@chfcpa.com

Enclosure: 1099 Payee Data Form

30010992015
Rev. 11/15

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number									
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		-			-				
or									
Employer identification number									
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Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding?* on page 2.

By signing the filled-out form, you:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
- Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

